

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

H

W-02234A  
H2O, Inc.  
41502 N. Schnepf Road  
Queen Creek AZ 85242

**RECEIVED**

JUL 14 2005

AZ Corporation Commission  
Director Of Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
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FOR COMMISSION USE

ANN04	04
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## COMPANY INFORMATION

Company Name (Business Name) <u>H2O, INC.</u>			
Mailing Address <u>41502 N. SCHNEPF ROAD</u>			
<u>QUEEN CREEK</u> (City)	<u>AZ</u> (State)	<u>85242</u> (Zip)	
<u>480-491-6971</u> Telephone No. (Include Area Code)	<u>480-491-6739</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>SAME AS ABOVE</u>			
(Street)			
(City) (State) (Zip)			
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			
Email Address _____			

## MANAGEMENT INFORMATION

Management Contact: <u>DONALD L. SCHNEPF</u>		<u>PRESIDENT</u>	
(Name)		(Title)	
<u>41502 N. SCHNEPF RD</u> (Street)	<u>QUEEN CREEK</u> (City)	<u>AZ</u> (State)	<u>85242</u> (Zip)
<u>480-491-6971</u> Telephone No. (Include Area Code)	<u>480-491-6739</u> Fax No. (Include Area Code)	<u>602-768-4031</u> Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Same</u>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: DAREL SCHNEPF  
 (Name)  
11051 E. BALANCING ROCK RD. SCOTTSDALE AZ 85267  
 (Street) (City) (State) (Zip)  
480-491-6971 480-491-6739  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)  
 Attorney: RICHARD L. SALLQUIST - SALLQUIST & DRUMMOND PLLC  
 (Name)  
2525 E. ARIZONA Biltmore Circle #117 PHOENIX, AZ 85016  
 (Street) (City) (State) (Zip)  
602-224-9222 602-224-9366  
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |  |   |
|-------------------------------------|--|---|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE             | <input type="checkbox"/> COCONINO         |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM              | <input type="checkbox"/> GREENLEE         |
| <input type="checkbox"/> LA PAZ     | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE           |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA                | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI             | <input type="checkbox"/> YUMA             |
| <input type="checkbox"/> STATEWIDE  |  |   |

**COMPANY NAME****H2O, INC.****UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accum Depn (AD)	O.C.L.D. (OC - AD)
301	Organization			
302	Franchises	42,960.13	330.39	42,629.74
303	Land & Land Rights	7,954.00	0.00	7,954.00
304	Sturctures	173,487.07	4,212.85	169,274.22
307	Well & Springs	151,845.12	33,165.41	118,679.71
311	Pumping Equipment	2,391,721.89	116,381.33	116,381.33
320	Water Treatment Equip	31,490.57	6,178.57	25,312.00
330	Dist Reservoirs	1,604,262.36	57,972.15	1,546,290.21
331	Trans & Dist Mains	1,171,222.67	305,917.12	865,305.55
333	Services	143,529.03	30,235.27	113,293.76
334	Meters	1,102,916.82	198,820.19	904,096.63
335	Hydrants	27,500.00	4,576.81	22,923.19
336	Backflow Devices			0.00
339	Other Plant	0.00	0.00	0.00
340	Office Furniture	69,041.82	31,382.95	37,658.87
341	Transportation Equip	29,836.85	8,403.74	21,433.11
343	Tools & Equip	23,935.35	6,962.59	16,972.76
344	Laboratory Eq			0.00
345	Power Operated Eq	29,568.68	20,876.81	8,691.87
346	Communication EQ	222,983.63	8,621.22	4,617.03
347	Miscellaneous Eq	0.00	0.00	0.00
348	Other Tangible Plant	90,472.82	45,221.89	45,250.93
	<b>TOTALS</b>	<b>7,314,728.81</b>	<b>879,259.29</b>	<b>4,066,764.91</b>

	<b>PLANT HELD FOR FUTURE USE</b>			
303.1	Land & Land Rights	1,236.00	0.00	1,236.00
311.1	Pumping Equipment	48,292.03	48,292.03	0.00
	<b>TOTALS</b>	<b>49,528.03</b>	<b>48,292.03</b>	<b>1,236.00</b>

<b>GRAND TOTALS</b>	<b>7,364,256.84</b>	<b>927,551.32</b>	<b>4,068,000.91</b>
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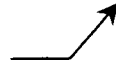
This amount goes on the Balance Sheet Acct.  
No. 108



**COMPANY NAME****H2O, INC.****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1 x 2)</b>
301	Organization			
302	Franchises	42,960.13	0.11%	48.01
303	Land & Land Rights	7,954.00	0.00%	0.00
304	Structures	173,487.07	0.22%	389.35
307	Well & Springs	151,845.12	1.34%	2,038.83
311	Pumping Eq.	2,391,721.89	1.08%	25,906.35
320	Water Treatment Eq	31,490.57	6.74%	2,123.21
330	Dist Reservoirs	1,604,262.36	0.89%	14,267.65
331	Trans & Dist Mains	1,171,222.67	2.13%	24,911.93
333	Services	143,529.03	4.56%	6,546.06
334	Meters	1,102,916.82	9.55%	105,327.24
335	Hydrants	27,500.00	2.56%	705.10
336	Backflow Devices	0.00		
339	Other Plant	0.00	0.00%	0.00
340	Office Furniture	69,041.82	8.79%	6,070.50
341	Transp Eq.	29,836.85	8.59%	2,562.97
343	Tools & Eq	23,935.35	3.64%	870.82
344	Laboratory Eq	0.00		
345	Power Operated Eq	29,568.68	0.45%	132.53
346	Communication EQ	222,983.63	1.19%	2,656.85
347	Miscellaneous Eq	0.00		
348	Other Tangible Plant	90,472.82	15.97%	14,446.50
	<b>TOTALS</b>	<b>7,314,728.81</b>	<b>2.86%</b>	<b>209,003.90</b>

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



<b>COMPANY NAME</b>	<b>H2O, INC.</b>
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**BALANCE SHEET**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	507,077	769,004
134	Working Funds		
135	Temporary Cash Investments	7,083	7,083
141	Customer Accounts Receivable	102,572	142,776
146	Notes/Receivables from Associated Companies	66,369	75,389
151	Plant Material and Supplies	690,608	0
162	Prepayments	9,206	16,551
174	Miscellaneous Current and Accrued Assets	(23,400)	(23,400)
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>1,359,515</b>	<b>987,403</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	3,814,124	6,353,096
103	Property Held for Future Use	49,528	49,528
105	Consturction Work in Progress	1,170,048	961,633
108	Accumulated Depreciation - Utility Plant	(587,112)	(927,551)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>4,446,588</b>	<b>6,436,706</b>
	<b>TOTAL ASSETS</b>	<b>5,806,103</b>	<b>7,424,109</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

<b>COMPANY NAME</b>	<b>H2O, INC.</b>
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**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 65,227	\$ 218,340
232	Notes Payable (Current Portion)	\$ -	\$ -
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	\$ 55,112	\$ 40,155
236	Accrued Taxes	\$ 32,081	\$ 29,211
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	\$ 1,252	\$ 14,726
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 153,671	\$ 302,432
	<b>LONG-TERM DEBE (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 281,004	\$ 273,569
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	\$ 2,196,073	\$ 2,822,145
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	\$ 3,133,173	\$ 3,388,666
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax.		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 5,329,246	\$ 6,210,811
	<b>TOTAL LIABILITIES</b>	\$ 5,763,921	\$ 6,786,812
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 38,785	\$ 38,785
211	Paid in Capital in Excess of Par Value	\$ 590,859	\$ 1,070,871
215	Retained Earnings (Sub S Corp prior to 1978)	\$ (46,276)	\$ (46,276)
	Retained Earnings (C Corp)	\$ (443,209)	\$ (373,590)
	Current Operations	\$ (97,976)	\$ (52,494)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 42,183	\$ 637,297
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 5,806,104	\$ 7,424,109

<b>COMPANY NAME</b>	<b>H2O, INC.</b>
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### COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	1,003,756.60	1,512,014.92
460	Unmetered Water Revenue		
474	Other Water Revenue	361,771.56	68,389.13
	<b>TOTAL REVENUES</b>	<b>1,365,528.16</b>	<b>1,580,404.05</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	298,833	481,359.27
610	Purchased Water	9,742	5,184.54
615	Purchased Power	97,509	128,808.01
618	Chemicals	3,127	2,616.79
620	Repairs and Maintenance	189,261	140,616.40
621	Office Supplies and Expense	110,563	159,822.82
630	Outside Services	40,951	53,807.83
635	Water Testing	6,980	12,673.34
641	Rents	130,400	165,842.00
650	Transportation Expenses	90,106	137,709.50
657	Insurance - General Liability	7,965	21,298.00
659	Insurance - Health and Life	26,387	26,605.68
666	Regulatory Commission Expense - Rate Case	4,384	5,543.21
675	Miscellaneous Expense	120,000	
403	Depreciation Expense	89,240	209,003.90
408	Taxes Other Than Income	32,270	42,230.20
408.11	Property Taxes	34,969	40,383.92
409	Income Taxes	-	0.00
	<b>TOTAL OPERATING EXPENSE</b>	<b>1,292,687</b>	<b>1,633,505.41</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income	(13,871)	-6,855.71
421	Non-Utility Income		-38,534.93
426	Miscellaneous Non-Utility Expenses		32,064.86
427	Interest Expense	17,265	12,718.60
	<b>TOTAL OTHER INCOME/EXP</b>	<b>3,395</b>	<b>-607.18</b>
	<b>NET INCOME (LOSS)</b>	<b>69,446</b>	<b>-52,494.18</b>



**COMPANY NAME** H2O, Inc.

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	1985	1999		
Source of Loan	Well & Pump purchase	WIFA		
ACC Decision No.	56327	62620		
Reason for Loan	Backup Source Well	New Source Pump & Storage		
Dollar Amount Issued	\$ 40,000	\$ 254,117	\$	\$
Amount Outstanding	\$ 32,444	\$ 225,701	\$	\$
Date of Maturity	Open	2021		
Interest Rate	9.0 %	5.84 %	%	%
Current Year Interest	\$ -0-	\$ 12,334.	\$	\$
Current Year Principle	\$	\$ 7,435.	\$	\$

Meter Deposit Balance at Test Year End \$ 1,059,459.83

Meter Deposits Refunded During the Test Year \$ 49,917.50

**COMPANY NAME** H2O, INC.

## **WATER COMPANY PLANT DESCRIPTION**

### **WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
55-605835-(1)	200	1050	1200'	20"/16"	6"	1950
55-605837-(3)	200	500	1200'	16"/14"	8"	1966
55-605834-(4)	400	1400	1200'	16"/14"	10"	1966
55-605836-(2)	n/a	n/a	1200'	20"/16"	n/a	1950
55-625006-CG	300	1400	940+	16"	10"	1972

\* Arizona Department of Water Resources Identification Number

### **OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>
QUEEN CREEK WATER COMPANY		3,840.

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
15	7	100	
20	3		
50	9		
100	2		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
200,00	1	5,000	4
300,00	1		
500,00	1		
750,000	2		

COMPANY NAME H2O, INC.

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	223
3/4	3556
1	180
1 1/2	11
2	43
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

**TREATMENT EQUIPMENT:**

1-Capital Control Gas Chlorinator

2-Regal Gas Chlorinator

**STRUCTURES:**

Electric Service Entrances on Wells 1,3 & 4 and Castlegate

Chlorine enclosures @ Main Plant & Links/Cambria Plant/ Castlegate Plant

Steel Shade over pumps & Electrical Equipment at Main & Links/Cambria Plants & Castlegate

Chain Link Fences @ Well #3

8' Concrete block walls @ Main Plant; Well #4 & Links/Cambria & Castlegate Plants

**OTHER:**

COMPANY NAME: H2O, Inc.

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	2,259	28,726.	29,876
FEBRUARY	2,258	18,705.	21,476
MARCH	2,415	22,332.	22,644
APRIL	2,560	33,842.	39,151
MAY	2,735	42,073.	48,025
JUNE	2,883	54,886.	53,724
JULY	3,095	55,191.	60,846
AUGUST	3,282	44,783.	54,019
SEPTEMBER	3,467	48,032.	36,140
OCTOBER	3,684.	40,291.	43,925
NOVEMBER	3,847	33,953.	47,392
DECEMBER	4,013	33,634.	34,199
TOTAL			491,417

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes      ☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ Yes      ☐ No

If yes, provide the GPCPD amount: 100

What is the level of arsenic for each well on your system. .002-.004 mg/l  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME H2O, INC. YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 39,575.64

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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National Bank of Arizona

ACCOUNT # 0106007948

This Statement:  
November 30, 2004  
PAGE 2 of 2

2140650 Due Oct 11, 2004

Pay to the order of STANLEY, CONNOR, THOMAS \$22,028.64

Amount Due: \$22,028.64

For 2004 Jan. to Dec. 31, 2004

Processed 11/03/04 \$22028.64 Ch# 104

104-47-38B = 69.78 104-46-61B = 50.89 908-44-44040 = 21,550.19  
**H2O, INC.** 104-22-38B = 278.26 104-69-1F = 11.0604  
 P.O. BOX 40340 480-491-8971  
 MESA, AZ 85274  
 Date Oct 11, 2004 91-532/1221 10

Pay to the Order of PINAL COUNTY TREASURER \$ 22,028.64\*

TWENTY-TWO THOUSAND TWENTY EIGHT AND 64/100 Dollars

**National Bank**  
 OF ARIZONA  
 1400 E. Southern Ave. Tempe, AZ 85282  
*Money Market Premium*

For 2004 1st 1/2 Property Taxes

⑆122105320⑆00104 0106007948⑈

PLEASE MAKE CHECKS PAYABLE TO:  
 PINAL COUNTY TREASURER  
 PO BOX 729  
 FLORENCE, AZ 85232

**2004 1<sup>ST</sup> HALF YEAR  
 PAYMENT COUPON**

Parcel	908-44-40404
1 <sup>st</sup> Half Tax	21,550.19
Delinquent	.00
Total Taxes Due	21,550.19
Due Date <b>November 1, 2004</b>	

H2O INC  
 DONALD L SCHNEPP/PRESIDENT  
 P O BOX 40340  
 MESA AZ 85274-0340

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
 NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY  
 If permanent address change is required please complete the form on the reverse side of this coupon.

908-44-40404

21,550.19



PLEASE MAKE CHECKS PAYABLE TO:  
 PINAL COUNTY TREASURER  
 PO BOX 729  
 FLORENCE, AZ 85232

**2004 FULL YEAR  
 PAYMENT COUPON**

Parcel	104-47-038B3
Full Year Tax	69.78
Delinquent	.00
Total Taxes Due	69.78
Due Date <b>November 1, 2004</b>	

H 20 INC  
 41502 N SCHNEPP RD  
 QUEEN CREEK AZ 85242-7980

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
 NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY  
 If permanent address change is required please complete the form on the reverse side of this coupon.

104-47-038B3

69.78



PLEASE MAKE CHECKS PAYABLE TO:  
 PINAL COUNTY TREASURER  
 PO BOX 729  
 FLORENCE, AZ 85232

**2004 1<sup>ST</sup> HALF YEAR  
 PAYMENT COUPON**

Parcel	104-46-077C5
1 <sup>st</sup> Half Tax	50.89
Delinquent	.00
Total Taxes Due	50.89
Due Date <b>November 1, 2004</b>	

LAWYERS TITLE OF AZ TR 1129  
 41502 N SCHNEPP RD  
 QUEEN CREEK AZ 85242-7980

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
 NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY  
 If permanent address change is required please complete the form on the reverse side of this coupon.

104-46-077C5

50.89



PLEASE MAKE CHECKS PAYABLE TO:  
PINAL COUNTY TREASURER  
PO BOX 729  
FLORENCE, AZ 85232

H2O INC  
41502 N SCHNEPF RD  
QUEEN CREEK AZ 85242-7980

**2004 1<sup>ST</sup> HALF YEAR  
PAYMENT COUPON**

Parcel	104-22-038B6
1 <sup>st</sup> Half Tax	278.26
Delinquent	.00
Total Taxes Due	278.26

Due Date November 1, 2004

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY

If permanent address change is required please complete the form on the reverse side of this coupon.

104-22-038B6

278.26



PLEASE MAKE CHECKS PAYABLE TO:  
PINAL COUNTY TREASURER  
PO BOX 729  
FLORENCE, AZ 85232

H 20 INC  
41502 N SCHNEPF RD  
QUEEN CREEK AZ 85242-7980

**2004 FULL YEAR  
PAYMENT COUPON**

Parcel	104-46-061B5
Full Year Tax	68.46
Delinquent	.00
Total Taxes Due	68.46

Due Date November 1, 2004

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY

If permanent address change is required please complete the form on the reverse side of this coupon.

104-46-061B5

68.46



PLEASE MAKE CHECKS PAYABLE TO:  
PINAL COUNTY TREASURER  
PO BOX 729  
FLORENCE, AZ 85232

H20 INC  
41502 N SCHNEPF RD  
QUEEN CREEK AZ 85242-7980

**2004 FULL YEAR  
PAYMENT COUPON**

Parcel	104-69-001F1
Full Year Tax	11.06
Delinquent	.00
Total Taxes Due	11.06

Due Date November 1, 2004

PLEASE RETURN THIS COUPON WITH YOUR PAYMENT - A RECEIPT WILL BE RETURNED  
NO PERSONAL FOREIGN CHECKS OR FOREIGN CURRENCY ACCEPTED, US CURRENCY ONLY

If permanent address change is required please complete the form on the reverse side of this coupon.

104-69-001F1

11.06







**Northwest Bank  
OF ARIZONA**

H2O INC

Account #

106007949

Page #

2

5/03/04 103 17,547.00

PAID BY  
H2O, INC.  
P.O. BOX 4000  
TUCSON, AZ 85701

DATE 5/3/04

AMOUNT \$17,547.00

103

Pay to the order of  
PINAL COUNTY TREASURER

\$17,547.00

SEVENTEEN THOUSAND FIVE HUNDRED FORTY SEVEN AND NO/100

Northwest Bank  
Member FDIC

For 2nd 1/2 2003 P-Taxes

612210532000103 0106007949 0001754700

5/03/04

103

17,547.00

# Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer e-mail: treasurer@co.pinal.az.us

Paid By: H2O INC

41502 N SCHNEPF RD  
QUEEN CREEK, AZ 85242

CNTR Batch: 2116210

Payment Date: 4/29/2004

Interest Date: 4/29/2004

Printed By: TRSLBM

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
104-22-038B6 2003	Taxes	247.09		
	Paid	247.09	.00	
	<b>Total Paid</b>	<u>247.09</u>		
BEG AT N1/4 COR OF SEC 20-2S-8E; TH E-198.92' TO TPOB T H E-200' OF S-283' TH W-200' TH N-283' SEC 20-2S-8E 1. 30 AC				
104-46-077C5 2003	Taxes	23.11		
	Paid	23.11	27.00	05/01/2004
	<b>Total Paid</b>	<u>23.11</u>		
QUEEN CREEK RANCHOS: TRACT 9 .52 AC				
908-44-40404 2003	Taxes	17,276.80		
	Paid	17,276.80	.00	
	<b>Total Paid</b>	<u>17,276.80</u>		
TOTAL VALUE OF OPERATING PROPERTY 104-26-139 2,580 104-46-095-B 3,600				

Total Taxes = 17,574.00

Check was for 17,574.00  
27.00

# Pinal County Treasurer TAX RECEIPT

**PO Box 729**

**Florence, AZ 85232-0729**

**Phone: (520) 866-6412 Fax: (520) 868-9007**

**www.co.pinal.az.us/treasurer      e-mail: treasurer@co.pinal.az.us**

**Paid By:** H2O INC

41502 N SCHNEPF RD  
QUEEN CREEK, AZ 85242

MAIL Batch: 2119259

Payment Date: 5/06/2004

Interest Date: 5/03/2004

Printed By: TRSSRN

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
104-46-077C5	2003 Taxes	27.00		
	Paid	27.00	.00	
	<b>Total Paid</b>	<u>27.00</u>		
QUEEN CREEK RANCHOS: TRACT 9.52 AC				
-----				

H2O, INC.  
OPERATING ACCOUNT  
41502 NORTH SCHNEPF ROAD  
QUEEN CREEK, AZ 85242

HOME NATIONAL BANK  
91-557/1221

3175

5/4/2004

PAY TO THE ORDER OF JIM L TURNBULL-PINAL COUNTY TREASURER

\$ \*\*27.00

Twenty-Seven and 00/100\*\*\*\*\* H2O INC. \*\*\*\*\* DOLLARS

JIM L TURNBULL-PINAL COUNTY TREASURER  
P.O. BOX 729  
FLORENCE, AZ 85232-0729

VOID AFTER 90 DAYS

**COPY NOT NEGOTIABLE**

MEMO PARCEL 104-46-077C5 2003

⑈003175⑈ ⑆122105579⑆100 2322 7⑈

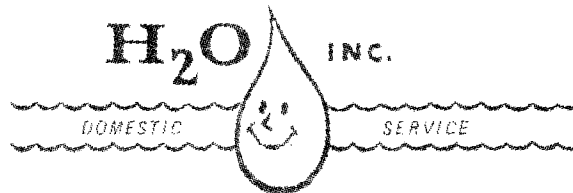
H2O, INC. / OPERATING ACCOUNT

JIM L TURNBULL-PINAL COUNTY TREASURER  
608-02-0 TAXES PERSONAL & PROP QUEEN CREEK RANCHOS TRACT 9

5/4/2004

3175

27.00



131-01-7 HOME NAT'L-O PARCEL 104-46-077C5 2003

27.00

H2O, INC. / OPERATING ACCOUNT

JIM L TURNBULL-PINAL COUNTY TREASURER  
608-02-0 TAXES PERSONAL & PROP QUEEN CREEK RANCHOS TRACT 9

5/4/2004

3175

27.00

PAYMENT  
RECORD

131-01-7 HOME NAT'L-O PARCEL 104-46-077C5 2003

27.00

COMPANY NAME H2O, INC. YEAR ENDING 12/31/2004

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported \_\_\_\_\_  
Estimated or Actual Federal Tax Liability -0-

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability -0-

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**PRINTED NAME**

\_\_\_\_\_  
**TITLE**

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

JUL 14 2005

**VERIFICATION**

**STATE OF** ARIZONA

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME)	PINAL
NAME (OWNER OR OFFICIAL) TITLE	DONALD SCHNEPF PRESIDENT
COMPANY NAME	H2O, INC

**Arizona Corporation Commission  
Director Of Utilities**

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1,614,717.

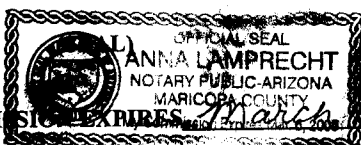
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 102,702.  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 14<sup>th</sup> **DAY OF**



**MY COMMISSION EXPIRES** March 6, 2008

  
SIGNATURE OF OWNER OR OFFICIAL  
480-491-6971  
TELEPHONE NUMBER

COUNTY NAME	Maricopa	
MONTH	July	2005

  
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

**RECEIVED**

JUL 14 2005

**Arizona Corporation Commission  
Director Of Utilities**

**VERIFICATION**

**STATE OF ARIZONA**

**I, THE UNDERSIGNED**

**OF THE**

COUNTY OF (COUNTY NAME) PINAL	
NAME (OWNER OR OFFICIAL) DONALD SCHNEPF	TITLE PRESIDENT
COMPANY NAME H2O, INC	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH 12	DAY 31	YEAR 2004
-------------	-----------	--------------

**HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.**

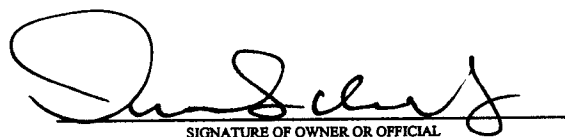
**SWORN STATEMENT**

**IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:**

<b>ARIZONA INTRASTATE GROSS OPERATING REVENUES</b>  \$ 1,135,381.
---

**(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 70,297.  
IN SALES TAXES BILLED, OR COLLECTED)**

**\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.**

  
SIGNATURE OF OWNER OR OFFICIAL

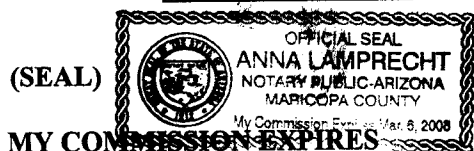
480-491-6971  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

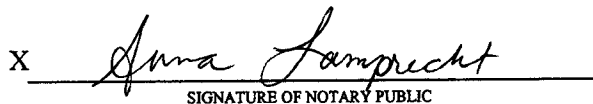
**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

**THIS** 14th **DAY OF**

NOTARY PUBLIC NAME Anna Lamprecht	
COUNTY NAME Maricopa	
MONTH July	.2005



**MY COMMISSION EXPIRES**  
March 6, 2008

X   
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**